GOVERNMENT OF INDIA
SCIENCE AND TECHNOLOGY
LOK SABHA

UNSTARRED QUESTION NO:2085
ANSWERED ON:16.03.2005
TAX DEDUCTION ON R & D EXPENSES
Patil Shri Balasaheb Vikhe

Will the Minister of SCIENCE AND TECHNOLOGY be pleased to state:

(a) whether the Pharmaceutical sector has been enjoying tax deduction on its R&D expenses;

(b) if so, the amount of money spent on R&D by Pharma sector in each of the last three years ; and

(c) the achievements in treatment of chronic ailments and improvement of life saving drugs ?

Answer

MINISTER OF STATE(INDEPENDENT CHARGE) OF THE MINISTRY OF SCIENCE AND TECHNOLOGY AND MINISTER OF STATE (INDEPENDENT CHARGE) OF THE DEPARTMENT OF OCEAN DEVELOPMENT (KAPIL SIBAL)

(a) Yes Sir.

(b) The major Pharma companies have been spending substantial amount annually on research & Development activities, in view of the fiscal incentives provided by the Government. The department has compiled year-wise R&D expenditure and annual turn over of select pharmaceutical in-house R&D units from their published annual reports, as per which the R&D expenditure of 18 major pharmaceutical companies is as follows:

2001-02	Rs. 496 Crore
2002-03	Rs. 761 Crore
2003-04	Rs. 1150 Crore

It is estimated that currently, the total annual R&D expenditure of the pharmaceutical industry is of the order of Rs. 1450 Crore.

(c) The Indian pharmaceutical industry has made good progress in terms of augmenting technology base through R&D, development of world class infrastructure and manufacture of drugs to international quality standards. The industry has developed a good expertise in developing patent non-infringing process technologies for drugs and their intermediates by substantial R&D efforts. Major Pharma companies such a Ranbaxy Laboratories, Lupin Laboratories Ltd., Torrent Pharmaceutical Ltd., Glenmark Pharmaceutical Ltd., Wockhardt Ltd., and Cadila Health Care Ltd., have developed new drug molecules. 33 Indian companies have obtained permission of the Drug Controller General of India (DCGI) to carry out various stages of clinical trials during the period 2001-2004. The Drug Controller General of India has approved 127 bulk drugs and formulations for manufacturing during the period 2001-2004, which though were approved abroad, the processes for manufacturing the same were rede! veloped by Indian companies. The drugs approved are in all therapeutic areas, including drugs for treatment of chronic/life threatening ailments like diabetes , hypertension asthma, chronic infections, neurotic and psychotic diseases, arthritis & other musculo- skeletal diseases, cardiovascular diseases and cancer. Also DCGI has approved 14 new drugs till date, which were discovered in India for manufacturing and marketing.